

Message Text

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45

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 AGR-20 IO-14 COME-00 TRSE-00

TAR-02 CIAE-00 INR-10 NSAE-00 RSC-01 PA-04 PRS-01

USIA-15 L-03 STR-08 AID-20 SS-20 SPC-03 NSC-10 DRC-01

/160 W

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R 301545Z JAN 74

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 64

INFO AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE RIO DE JANEIRO 345

E. O. 11652: N/A

TAGS: EAGR, BR

SUBJ: COFFEE DEVELOPMENTS

REF: BRASILIA 526

1. CONVERSATIONS WITH IBC (BRAZILIAN COFFEE INSTITUTE)
AND LOCAL TRADE SOURCES HAVE PROVIDED FOLLOWING INFO.

2. IBC CLAIMS BRAZILIAN COFFEE EXPORTS IN CALENDAR YEAR 73
REACHED 19.64 MILLION BAGS (GREEN COFFEE EQUIVALENT) VALUED
AT US \$1.345 BILLION.
EXPORT LEVEL, DUE ESPECIALLY TO LARGE SHIPMENTS DURING FINAL
QUARTER 1973, EXCEEDED IBC PROJECTIONS EARLIER IN YEAR OF 17 TO
18 MILLION AND WERE CONSIDERABLY ABOVE PRIVATE TRADE PROJECTIONS
OF LESS THAN 17 MILLION BAGS.

3. ESTIMATES OF CY 73 PRODUCTION STILL VARY. PRIVATE SOURCES CLAIM
PRODUCTION OF ONLY 12 TO 13 MILLION BAGS. IBC, HOWEVER, CONTINUES
TO ESTIMATE 14.7 MILLION BAGS. FURTHERMORE, IT COMMENTS ADDITION-
ALLY THAT THERE ARE TWO MILLION BAGS OF LOW GRADE COFFEE THAT
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WOULD NOT HAVE BEEN INCLUDED IN EARLIER YEAR PRODUCTION FIGURES.

DUE TO HIGH COFFEE PROCES AND RELATIVE SCARCITY, IBC CLAIMS THIS LOW GRADE COFFEE NOW BEING USED TO PRODUCE SOLUBLE AND TO SATISFY DOMESTIC CONSUMPTION. IBC TOTAL THUS RISES TO 16.7 MILLION BAGS.

4. IBC ESTIMATES THAT END OF 1973 STOCKS APPROACHED 30 MILLION BAGS, I.E., 14 MILLION IN ITS POSSESSION AND 15 TO 16 IN PRIVATE HANDS. ONE TRADE SOURCE BELIEVES ESTIMATES FOR PRIVATE HOLDINGS ARE SOMEWHAT EXAGGERATED, IMPLYING THAT TOTAL HOLDINGS MAY ACTUALLY BE CLOSER TO 28-29 MILLION BAGS.

5. PROJECTIONS FOR CY 74 PRODUCTION VARY CONSIDERABLY. ALL OBSERVERS AGREE THAT THREES IN EXCELLENT CONDITION AND HARVEST SHOULD BE GOOD. ONE HIGHLY KNOWLEDGEABLE TRADE SOURCE FORECASTS HARVEST AT APPROXIMATELY 22 TO 23 MILLION BAGS. IBC FORECASTING IN THE RANGE OF 21 TO 22 MILLION BAGS.

6. EXPORTS IN CY 74 SHOULD REMAIN AT HIGH LEVEL. IBC ANNOUNCEMENT EARLIER THIS YEAR OF 5.1 MILLION BAG EXPORT QUOTAS FOR JANUARY-JUNE 74 SHOULD NOT BE MISINTERPRETED. THIS INITIAL FIGURE WILL UNDOUBTEDLY INCREASE AS TIME PASSES. THIS SAME PROCEDURE UTILIZED IN 1973. IBC HAD ANNOUNCED QUOTAS FOR AUGUST-NOVEMBER OF 3.3 MILLION BAGS. SHIPMENTS DURING THAT PERIOD ACTUALLY TOTALLED 6.2 MILLION BAGS. IBC APPARENTLY HAPPY WITH PRESENT PRICE LEVEL AND IS CLEARLY ANXIOUS TO SUSTAIN VOLUME OF EXPORTS. IN FACT, CURRENT IBC DIRECTORS SEEMINGLY DESIRE EXPORT MAXIMUM POSSIBLE VOLUME CONSISTENT WITH PRICE TARGET PRIOR TO CHANGE IN ADMICISTRATION IN MID-MARCH. ONE IBC DIRECTOR FORESEES MONTHLY EXPORT VOLUMES OF APPROXIMATELY 1.3 TO 1.5 MILLION BAGS, PROVIDING A TOTAL FOR YEAR OF ABOUT 17 MILLION BAGS.

7. IBC CONTINUES TO SUBSIDIZE DOMESTIC MARKET HEAVILY. IT CURRENTLY PROVIDES APPROXIMATELY 60 PERCENT OF DOMESTIC ROASTER NEEDS, I.E., SOME 350,000 BAGS PER MONTH. IT SELLS THIS COFFEE AT AVERAGE PRICE OF CR\$150 PER BAG, COMPARED TO PRESENT MARKET RATE OF ABOUT CR\$320 PER BAG. IN EFFECT, IBC HAS INCREASED SHARPLY ITS SUBSIDIZATION OF DOMESTIC MARKET. LAST YEAR IT WAS SELLING ONLY SOME 150,000 BAGS PER MONTH AT APPROXIMATELY CR\$200 TO CR\$220 LIMITED OFFICIAL USE

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PER BAG.
BOONSTRA

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NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COFFEE, EXPORT QUOTAS, PRICES, EXPORT DATA
Control Number: n/a
Copy: SINGLE
Draft Date: 30 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: MorefiRH
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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30 JUN 2005

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TAGS: EAGR, BR, IBC
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Type: TE
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